

Message Text

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14

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01 SAJ-01

IO-11 /103 W

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R 211535Z JAN 76

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 7400

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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DEPARTMENT PASS COMMERCE FOR ASST. SECRETARY REED

E.O. 11652: N/A

TAGS: ECON, EFIN, PINT

SUBJECT: DUTCH FIRMS GO PUBLIC OVER GROWING THREAT TO PRIVATE
ENTERPRISE

1. SUMMARY: NINE DUTCH MULTINATIONAL FIRMS WITH COMBINED
EMPLOYMENT OF 260,000 HAVE TAKEN THEIR LOBBYING FOR IMPROVED
BUSINESS CLIMATE IN NETHERLANDS TO THE PUBLIC. IN AN OPEN
LETTER TO DEN UYL GOVERNMENT DATED JANUARY 13 THEY POINT TO
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GROWING LABOR COSTS AND GOVERNMENT ANTI-BUSINESS ATTITUDES

AS SERIOUS THREATS TO THE DUTCH ECONOMY. THEY CALL FOR A REDUCTION IN SOCIAL BURDEN AND AN IMPROVEMENT IN BUSINESS CLIMATE AS REMEDIES FOR DUTCH ECONOMIC PROBLEMS. END SUMMARY.

2. POINTING OUT THAT CYCLICAL DEVELOPMENTS ARE MASKING MAJOR PROBLEMS IN THE DUTCH ECONOMY, LETTER STRESSES THAT DUTCH PROSPERITY DEPENDS ON THE COUNTRY'S INTERNATIONAL COMPETITIVE POSITION. THIS COMPETITIVENESS IS SAID TO BE THREATENED BY THE RAPIDLY RISING COSTS OF LABOR AS RESULT OF INCREASED EMPLOYERS' CONTRIBUTIONS TO SOCIAL SECURITY PROGRAMS, A HIGH MINIMUM WAGE AND HIGH TAXATION RATES.

3. THE MAIN THRUST OF LETTER IS AN ATTACK ON DEN UYL GOVERNMENT'S "SOCIAL EXPERIMENTATION." FIRMS WARN SPECIFICALLY THAT PLANS FOR LABOR PARTICIPATION IN PROFITS AND ON MANAGING BOARDS OF FIRMS WOULD BE A SERIOUS BLOW TO BUSINESS CLIMATE. THEY CALL FOR A CONSOLIDATION OF EXISTING SOCIAL DEVELOPMENTS BEFORE FURTHER EXPERIMENTATION.

4. FOR LONG-TERM IMPROVEMENT, THE FIRMS CALL FOR SUBSTANTIAL REDUCTION IN TAXATION, SOCIAL SECURITY CONTRIBUTION AND OTHER GOVERNMENT LEVIES AND A RADICAL IMPROVEMENT IN BUSINESS CLIMATE. FOR LATTER THEY SEEK NOT ONLY CHANGE IN POLICIES, BUT AN END TO "STATEMENTS WHICH MIGHT SAP CONFIDENCE AT HOME AND ABROAD IN PROSPECTS OFFERED BY THE NETHERLANDS."

5. FIRMS SIGNING LETTER ARE AMRO BANK, UNILEVER, AKZO, NATIONALE NEDERLAND, PHILIPS, VMF STORK, VEROLME, HOOGHOVENS, ROYAL DUTCH SHELL.

6. COMMENT: DUTCH FIRMS FEELING THEY HAVE HARD TIME TO MAKE THEMSELVES HEARD BY CURRENT LEFT OF CENTER GOVERNMENT AND CONFIDENT IN STRENGTH OF THEIR CASE, ARE ABANDONING THEIR MORE TRADITIONAL LOW-PROFILE AND MOVING TO MORE ACTIVE ROLE. AS GOVERNMENT IS SCHEDULED TO PUBLISH A SO FAR CLOSELY HELD MEDIUM-TERM ECONOMIC FORECAST EXPECTED TO HOLD OUT EVEN BLEAKER PROSPECTS THAN THE NINE'S LETTER, FIRMS MAY HAVE CHOSEN THE PERFECT MOMENT. IN ANY EVENT, PRIME MINISTER LIMITED OFFICIAL USE

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DEN UYL HAS INDICATED SOME WILLINGNESS TO CONSIDER ISSUES BUT SAID HE SAW NO NEED TO REPLY TO LETTER AS GOVT IS ALREADY DEALING WITH THESE PROBLEMS, WHILE MINISTER OF ECONOMIC AFFAIRS LUBBERS HAS GONE SO FAR AS TO AGREE WITH FIRMS' DEFINITION OF PROBLEMS CONFRONTING GON. IT REMAINS TO BE SEEN WHETHER GON WILL TAKE AMELIORATIVE ACTIONS TO STIMULATE PRIVATE ENTERPRISE. CERTAINLY GON VIEWS AS AIRED JANUARY 13 AT OECD ANNUAL REVIEW

FAVOR CONTINUING (IF AT SOMEWHAT REDUCED RATE) STEADY
DIVERSION OF GNP TO WELFARE PROGRAMS AT EXPENSE OF PRIVATE
SECTION.
GOULD

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